(b) The Finance Act, 1997 has inserted a new provision in section 139 of the Income-tax Act as a result of which it has become mandatory for all persons who satisfy two of the following four economic criteria to furnish their returns of income:—

(i) are in occupation of immovable property exceeding a specified floor area whether by way of ownership, tenancy or otherwise; or

(ii) are the owners or lessees of motor vehicle; or

(iii) are subscribers to a telephone; or

(iv) have incurred expenditure for themselves or for any other person on travel to any foreign country.

The last date for filing such returns has been extended to 28th February, 1998 for assessment year 1997-98.

(c) It is too early to judge the reponse received from the tax payers to the new policy package/measures of Government.

(d) Not applicable in view of answer to (c) above.

Private agency handling publicity to VDIS

685. SHRI RAJNATH SINGH 'SURYA': Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that publicity to Voluntary Disclosure of Income Scheme is being handled by a private agency while the PIB is the authorised channel of communication between Government and Media;

(b) if so, the reasons therefor;

(c) whether it is a fact that the said agency is working arbitrarily in contacting newspapers; and

(d) details of the contract signed by the said PR agency including terms and conditions and money involved?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ): (a) and (b) The multimedia publicity for the Voluntary Disclosure of Income Scheme, 1997 has been entrusted to two leading private agencies after evaluating their technical merit and competence. Multimedia publicity includes advertisement/publicity, through TV, newspapers, Radio, magazines, hoardings, telemarketing, posters, direct mailing, etc. — and all of these aspects are not handled by PIB. Since the Voluntary Disclosure of Income Scheme, 1997, is in force from 1st July,.1997 to 31st December, 1997, it was found necessary to undertake wide publicity in this short span of time so as to make the public aware of the salient features of the Scheme.

(c) No, Sir. Proper norms have been laid down for the release of advertisements to the newspapers.

(d) Contract has not yet been signed. The total cost of this multimedia publicity would be approximately Rs. 30 crores.

Malpractices resulting in CRB Scam

686. SHRI SOLIPETA RAMACHANDRA REDDY: Will the Minister of FINANCE be pleased to state:

(a) the nature of malpractices which resulted in the debacle of CRB Group;

(b) the amount involved in the fraud and the number of investors affected;

(c) the estimated value of the assets of the company;

(d) steps proposed to compensate the investors; and

(e) measures being taken to protect investors from such frauds by Non-Banking Finance Companies in future?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ): (a) to (d) The main activities of CRB Capital Markets Ltd. (CRBCML) were hire purchase, leasing, merchant banking, bills discounting and making loans and advances. A complaint was received in December, 1996 by Reserve Bank of India (RBI) from Tourism Finance Corporation of India Ltd. regarding default of repayment of deposits by CRB Capital Markets Ltd. Global Trust Bank Ltd.

has also reported to RBI in March, 1997 about development of Letter of Credit opened by a group company. Further, CRBCML fraudulently overdrew its accounts with the State Bank of India, Mumbai Main Branch (MMB) for payment of interest warrants, deposits refunds and brokerage warrants by an amount of over Rs. 58 crores (provisional). Keeping in view the findings of the inspection carried out by RBI between November, 1996 and January, 1997 and the subsequent developments, especially relating to State Bank of India (SBI), RBI issued prohibitory orders in April, 1997 under section 45MB(1) & (2) of RBI Act directing the company not to accept any further deposits and not to alienate any assets without prior permission of RBI.

As per the information available with RBI, the company has issued over 1,30,000 Fixed Deposit Receipts for an amount of Rs. 186 crores (provisional). Additionally, various financial institutions have an estimated exposure of about Rs. 152 crores (provisional). These are the figures according to the information available so far and are purely provisional and subject to further confirmation. RBI filed a winding up petition in the Delhi High Court under section 45 MC of the RBI Act on 21.5.1997. A provisional Liquidator has been appointed by the Delhi High Court. The Liquidator has initiated action to crystallize the assets and liabilities of the company. The issue of settlement of claims of creditors is now subjudice and would proceed as per the directions of Delhi High Court and relevant provisions of law.

(e) Keeping in view the twin needs of providing adequate protection to the depositors and maintaining the stability of the financial system, the Parliament has recently enacted amendments to the Reserve Bank of India Act, for regulating Non-Banking Finance Companies (NBFCs) which *inter-alia*, include mandatory requirements for registration, minimum net owned funds, maintenance of liquid assets, compulsory transfer of certain proportion of profits to reserves and empowering the Company Law Board to look into the cases of non repayment of deposits. These measures would facilitate continued liquidity and solvency of NBFCs and are expected to go a long way in enabling the NBFCs to meet the liabilities of depositors as and when they accrue. Operationally, RBI has initiated action to strengthen the supervisory mechanism in the light of the recommendations of the Khanna Committee.

Tarapore Committee Report on Capital Account Convertibility

687. PROF. RAM KAPSE: Will the Minister of FINANCE be pleased to state:

(a) whether Government have received a Report of the Tarapore Committee on capital account convertibility;

(b) if so, what are the important recommendations;

(c) whether certain sectors like banking have opposed certain recommendations of the report;

(d) the details of such recommendations and reasons for opposition put forth by the banking sector; and

(e) the decision, if any, taken by Government on such recommendations?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ): (a) Yes, Sir.

(b) Based on an assessment of macro-economic conditions, the Committee is of the considered view that the time now is opportune to initiate a move towards capital account convertibility. The Committee, however, recognises that the initial conditions do contain certain weaknesses and the entrenchment of preconditions can be achieved in the Indian context only over a period of time. The establishment of the preconditions need to be viewed as processes rather than as one time indicators. The Committee, therefore, recommended that the implementation of capital account convertibility be spread over a three year period 1997-98 to 1999-2000.

(c) and (d) As per information received from the Reserve Bank of India, there is no information about the opposition to certain recommendations by certain sectors like banking.